

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 2002-00251
KENTUCKY GAS COMPANY)

O R D E R

On December 21, 1999, in Case No. 1999-00070, the Commission approved rates for Western Kentucky Gas Company (Western) and provided for their further adjustment in accordance with Western s gas cost adjustment (GCA) clause.

On June 28, 2002, Western filed its proposed GCA to be effective August 1, 2002.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Western's notice includes revised rates designed to pass on to its sales customers its expected change in wholesale gas costs.
2. Western s expected gas cost (EGC) for firm sales customers is \$4.6272 per Mcf, a decrease of 2.44 cents per Mcf from the previous EGC of \$4.6516. Western's EGC for both high load factor (HLF) firm customers and interruptible sales customers is \$3.7761 per Mcf, a decrease of 2.44 cents per Mcf from the previous EGC of \$3.8005.
3. Western s notice sets out a current period refund factor (RF) for firm sales and HLG firm customers of .95 cent per Mcf. The RF for interruptible sales customers is .19 cent per Mcf. The total refund factor of 1.14 cent per Mcf for firm sales

and HLF firm customers and .38 cent per Mcf for interruptible sales customers reflects adjustments from prior periods. Western's notice sets out a refund adjustment for T-2 firm and T-2 interruptible transportation customers of .94 cent per Mcf.

4. Western's notice sets out a correction factor (CF) of (22.48) cents per Mcf, which is effective from August 1, 2002 until November 1, 2002. The CF is designed to collect under-recoveries of gas cost for the 3 months ended April 30, 2002.

5. Western's notice sets out a Performance Based Rate Recovery Factor (PBRF) of 2.37 cents per Mcf, which is effective from February 1, 2002 until February 1, 2003.

6. Western's gas cost adjustments are \$4.4147 per Mcf for firm sales customers, \$3.5636 per Mcf for HLF firm customers, and \$3.5712 per Mcf for interruptible sales customers. The impact on firm sales customers is a decrease of 1.8 cents per Mcf from the previous gas cost adjustment of \$4.4327. The impact on HLF firm customers is a decrease of 1.8 cent per Mcf from the previous gas cost adjustment of \$3.5816 and on interruptible sales customers is a decrease of 1.04 cent per Mcf from the previous gas cost adjustment of \$3.5816.

7. The rates in the Appendix to this Order are fair, just and reasonable, in the public interest, and should be approved for final meter readings by Western on and after August 1, 2002.

IT IS THEREFORE ORDERED that:

1. The rates in the Appendix to this Order are approved for final meter readings on and after August 1, 2002.

2. Within 20 days of the date of this Order, Western shall file with the Commission its revised tariffs setting out the rates authorized herein.

Done at Frankfort, Kentucky, this 16th day of July, 2002.

By the Commission

ATTEST:

A handwritten signature in black ink, appearing to read "Thomas H. O'Donnell", written over a horizontal line.

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2002-00251 DATED July 16, 2002

The following rates and charges are prescribed for the customers in the area served by Western Kentucky Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

Applicable to: General Sales Service Rate G-1

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$4.4147 per Mcf of gas used during the billing period.

Applicable to: HLF General Sales Service

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$3.5636 per Mcf of gas used during the billing period.

Applicable to: Interruptible Sales Service Rate G-2

Gas Cost Adjustment

To each bill rendered under the above-named rate schedules there shall be added an amount equal to: \$3.5712 per Mcf of gas used during the billing period.